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Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 3rd meeting
held at the Conference Room 1 of the Legislative Council Complex
on Friday, 18 November 2011, at 3:00 pm

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP

Hon CHEUNG Hok-ming, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

Members absent:

Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Hon WONG Yung-kan, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Cyd HO Sau-lan
Hon IP Kwok-him, GBS, JP

Public officers attending:

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Miss Elizabeth TSE Man-ye, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Joe WONG Chi-cho, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Miss Eliza LEE Man-ching, JP	Director-General of Telecommunications
Mr HA Yung-kuen	Deputy Director-General of Telecommunications
Mr Chaucer LEUNG Chung-yin	Assistant Director (Support), Office of the Telecommunications Authority
Ms Eva CHENG, GBS, JP	Secretary for Transport and Housing
Ms Maisie CHENG Mei-sze, JP	Deputy Secretary for Transport and Housing (Transport) 1
Mr Edward TO Wing-hang	Principal Assistant Secretary for Transport and Housing (Transport) 5
Mr LAU Ka-keung, JP	Director of Highways
Mr Albert CHENG Ting-ning, JP	Project Manager (HZMB), Highways Department
Mr Chris CHAN Yu-yuen	Chief Engineer (Strategic Roads), Transport Department

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Annette LAM	Chief Council Secretary (1)7
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)8

**Item No. 1 - FCR(2011-12)47
RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 26 OCTOBER 2011**

The Chairman advised that the Establishment Subcommittee (ESC) had recommended that the item EC(2011-12)7 endorsed at the ESC meetings on 26 October 2011 should be considered and voted on separately at the Finance Committee (FC) meeting.

2. The Chairman put the remaining item EC(2011-12)3 to vote. The Committee approved the item.

**EC(2011-12)7
HEAD 46 – GENERAL EXPENSES OF THE CIVIL SERVICE
Subhead 081 Recoverable salaries and allowances
(Office of the Telecommunications Authority Trading Fund)**

3. The Chairman advised that the item sought FC's approval to create a new grade of Regulatory Affairs Manager (RAM) comprising four ranks and a permanent post of Chief Regulatory Affairs Manager in the Office of the Telecommunications Authority (OFTA).

4. Dr Margaret NG, Chairman of ESC, said that members of the ESC generally supported the Administration's proposal but requested that the item be put for separate voting so that further discussion could be made in the light of supplementary information from the Administration regarding the review of the Telecommunications Engineer (TE) grade.

5. The Chairman advised that a submission from the representatives of the TE grade of OFTA was tabled at the meeting.

Continued need for TEs in OFTA

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6. Dr Samson TAM welcomed the Administration's decision to expedite the review of the TE grade so that a clear policy on the way forward could be formulated at an early stage. He considered that the request of the TE grade representatives that the functions of the TE grade should not be subsumed under the RAM grade before the conclusion of the review was well justified. Sharing the TE grade's view that there was a continued need for telecommunications engineers in OFTA to undertake technical regulatory work which was highly specialized, he called on the Administration to take necessary measures to upkeep the morale and address the concerns of the serving TE grade staff.

7. Mr LAU Kwong-wah said that the Administration had accepted his suggestions and amended the paper to FC. Mr LAU said that the RAM grade should be created first, while the review of the TE grade and the subsuming arrangements could proceed concurrently. Regarding the TE grade representatives' position that RAMs should not comprise engineering or technical personnel, he considered that the proposed RAM grade required multi-disciplinary expertise to effectively perform its multifarious functions in regulating the telecommunications industry. Therefore, candidates with engineering or technical background and with the requisite expertise should not be precluded from joining the RAM grade. He held the view that apart from recruiting multi-disciplinary talents, OFTA should also retain a core team with professional and technical expertise to ensure effective operation and to provide quality telecommunications engineering support, especially in departments such as the Police Force or the Fire Services Department. He further said that the Government could not always rely on outsourcing of its telecommunications service. He asked the Administration to retain the TE grade rather than allowing it to phase out. He added that the Administration should strike a right balance of keeping a core professional team of telecommunications engineering experts while maintaining a multi-disciplinary grade with diverse expertise to perform its functions in a fully liberalized and competitive telecommunications market.

8. Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT)) said that OFTA would regularly review its operation to ensure that regulatory personnel were up to the required professional standard. The Administration would ensure that OFTA and the future OFCA would continue to be equipped with adequate professional staff of engineering background to function effectively as a professional regulator. She said that the Administration could not accept the TE grade's request of precluding personnel with technical or engineering background from joining the RAM grade. She stressed that the current proposal to create a multi-disciplinary RAM grade did not entail the demise of the TE grade. The

future arrangement for the TE grade would be subject to the outcome of the review to be conducted in 2012. Pending the outcome of the review, promotion opportunities for all existing TE grade members would not be affected. In any event, the TE grade would remain a civil service grade serving OFTA and the future Office of the Communications Authority in the coming 20 years.

9. Director-General of Telecommunications (DGT) said that TEs were mainly responsible for providing telecommunications engineering support and undertaking technical regulatory functions. Following the deregulation of the local fixed network market and the full liberalization of both the external network market and local fixed network market, the mainstay of TE grade's pure technical regulatory work had diminished. OFTA had evolved from a department focusing on technical regulatory work to one performing multifarious regulatory role in areas embracing engineering, information technology, law, economics, accounting and finance, etc. She highlighted that while the Administration attached great importance to the work and contributions of the TE grade, OFTA needed a new multi-disciplinary grade to effectively and efficiently perform its intertwining economic and technical regulatory work. She reiterated that a decision on whether or not to subsume the functions of the TE grade under the RAM grade would be taken only after completion of the review in 2013 and in the light of the review findings.

10. Prof Patrick LAU said that he had suggested at the meetings of the Panel on Information Technology and Broadcasting and ESC that the Administration should first complete the review on TE grade before putting forward a proposal to create a new RAM grade. He sought clarification on whether the Administration would employ personnel with telecommunications engineering background to serve in the RAM grade, and whether serving TE grade staff could apply for an RAM position in future. He expressed grave concern that professional qualification(s) of the respective discipline was not made one of the basic entry requirements for the RAM grade. He stressed that years of experience alone could not replace professional qualifications and urged the Administration to give preference to candidates with professional qualifications in the recruitment.

11. DGT said that candidates with telecommunications engineering background who possessed the required entry requirements and experience could apply for RAM posts. She highlighted that OFTA needed multi-disciplinary staff to perform effectively and efficiently its intertwining economic and technical regulatory work. Out of its 30 incumbent non-civil service contract regulatory staff, 14 possessed professional qualifications, seven had engineering background and three were professional engineers. As

regards specifying professional qualifications as a recruitment requirement, DGT explained that different from a professional grade of a specific discipline (such as lawyer, engineer or accountant), the proposed RAM grade was a multi-disciplinary grade. Some major disciplines e.g. economics and statistics do not have professional qualifications arrangement for their practitioners. It would therefore not be appropriate to mandate across the board professional qualifications in the entry requirements. However, professional qualifications in law, engineering or accountancy with the necessary post-qualification experience would be specified as one of the alternative entry requirements for the promotion ranks of the RAM (i.e. Senior RAM, Principal RAM, or Chief RAM).

12. Dr PAN Pey-chyou noted that the number of TEs in OFTA would gradually decrease with natural wastage. If such vacancies were not filled, the workload of serving TEs would increase. He asked if the Administration would resume recruitment of the TE grade.

13. DGT advised that recruitment of the TE grade had been frozen since 1998 in response to changes in the regulatory environment. In view of the diminishing operational needs for pure engineering support in OFTA's regulatory work, recruitment to the TE grade would not be resumed. She explained that with the full liberalization of the telecommunications market in Hong Kong, OFTA had to deal with complex regulatory issues that went beyond the traditional scope of telecommunications and electronics disciplines. The TE grade members did not have the necessary experience and knowledge to competently perform the non-technical components of regulatory functions, and they were not required by their job descriptions to perform such functions. Given that the mainstay of TE grade's work had been diminishing, some of the 38 incumbent TE grade members were assigned to undertake non-technical tasks such as external relations, including arrangements for visits from overseas regulatory bodies and OFTA's participation in regional or international conferences.

TE grade review

14. Dr PAN Pey-chyou welcomed the Administration's decision to expedite the review of the TE grade. He urged the Administration to keep an open mind in the review, to engage the staff of the TE grade in the review and to submit the review report to the Panel on Information Technology and Broadcasting as soon as possible upon completion of the review.

15. Ms LI Fung-ying expressed appreciation of the Administration's acceptance of the views of ESC members and adjustments made to the objective

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of the TE grade review. She called on the Administration to honour its undertaking to conduct the review objectively and to consult TE grade members during the review. She also requested the Administration to discuss with the relevant Legislative Council Panel before arriving at any decision after the review.

16. Mr LAU Kwong-wah noted that the Administration had relaxed its original position on the review and would leave the option open as to whether the functions of the TE grade should be subsumed under the RAM grade. He hoped that the review would be conducted in an impartial manner free from any pre-conceived stance. He also welcomed the Administration's undertaking to bring forward the review date and expedite the review process.

17. PSCED(CT) responded that the Administration's original position was to gradually subsume the functions of the TE grade under the RAM grade. Having considered members' views and the request from the TE grade in the latest round of consultation, the Administration had adjusted the review objective and timetable. She said that the review would commence one year earlier and take place in 2012, aiming at completion in 2013. She also assured members that the Administration did not have any pre-set stance on whether or not to subsume the functions of the TE grade under the new RAM grade, and that the OFTA management would continue to engage the TE grade members before and during the review. She added that in the supplementary information sheet provided to FC, it was stated that the revised objective of the review was to consider whether the functions of the TE grade should be subsumed under the RAM grade. A decision on whether or not to subsume would be taken only after completion of the review in 2013 and in light of the review outcome. To enable an objective and comprehensive assessment of the TE grade, a detailed job analysis for every single post in the TE grade would be conducted. An external consultant would be commissioned to assist in the review. The Administration would report the outcome of the review to the LegCo Panel on Information and Technology and Broadcasting in due course.

18. The Chairman put the item to vote. The Committee approved the proposal.

**Item No. 2 - FCR(2011-12)48
RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 8 NOVEMBER 2011**

19. The Chairman said that as the proposals in PWSC(2011-12)30, PWSC(2011-12)31 and PWSC(2011-12)32 were related to the Hong

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Kong-Zhuhai-Macao Bridge (HZMB)-related local projects, the three items would be discussed together but put to vote separately.

20. The Chairman said that the Administration had provided supplementary information on HZMB and related local projects, which was tabled at the meeting. The Chairman said that during 2003 - 2009, seven funding allocations related to HZMB involving about \$10.2 billion in money-of-the-day (MOD) prices had been approved. The funding sought in the three items currently under discussion involved \$48.5 billion (in MOD prices) which, if approved, would make up a total funding allocation of about \$58.7 billion (in MOD prices) for the HZMB-related local projects.

21. Mr WONG Kwok-hing said that a group of construction workers from the Construction Workers General Union had appealed to him to support the funding application. As the HZMB and related projects would benefit not only general construction workers, but also other engineering and technical personnel in the construction sector, he said that the project works should commence as soon as possible to create more employment opportunities and avoid further escalation of project costs. Noting that the HZMB-related local projects had been delayed for about one year, he enquired about the construction timetable and how the Administration could compress the project timeline to make up for the lost time and reduce extra project costs.

22. Mr CHAN Kam-lam said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the funding proposal and early commencement of the HZMB-related local projects. He said that some members of the public had expressed grave dissatisfaction that the HZMB-related local projects had been considerably delayed by the legal proceedings of a judicial review which led to an overall cost increase of about \$6.5 billion in MOD prices. He expressed grave concern about the negative impact on Hong Kong's economy if the related local projects connecting the HZMB Main Bridge located in Mainland waters at the HKSAR boundary could not be completed on time for the commissioning of the HZMB. He urged the Administration to expedite the construction works once the funding application was approved.

23. Secretary for Transport and Housing (STH) said that the works of the Main Bridge within Mainland waters and the Zhuhai-Macao Boundary Crossing Facilities had commenced in December 2009 and were expected to be completed by 2016 as planned. To ensure the opening of the Bridge, the related projects of the three places must be completed within the same timeframe as the Main Bridge. The Administration would adopt different methods to compress the construction period including adjusting the

construction methods, such as using more sand fill for the reclamation works, increasing the number of works locations, and deploying additional manpower, equipment and facilities. The increase in cost as a result of these acceleration measures, together with the increase in construction price level, for the HZMB Hong Kong Boundary Crossing Facilities (HKBCF) and the advance works for the Tuen Mun-Chek Lap Kok Link, was estimated to be about \$6.5 billion in MOD prices. Subject to funding approval, the construction of these projects would commence by the end of 2011 so that the HZMB Hong Kong projects could be completed in tandem for the commissioning of the HZMB by end 2016.

24. Director of Highways (DHy) supplemented that apart from adjustment of the construction methods, better planning and co-ordination of civil engineering works schedules could also help expedite work progress. For example, the Administration would divide the reclamation area into several zones so as to provide land by phases for the construction of superstructures and infrastructures of the HKBCF.

25. Mr Andrew CHENG expressed concern that the safety and quality of works might be compromised due to the need to compress the construction period. Regarding the proposed use of sand as filling material to accelerate the consolidation of marine mud, he said that a number of public works in Hong Kong had experienced soil settlement problem in the past, and it would cause great embarrassment to Hong Kong if the same problem should arise in the Hong Kong section of HZMB. Referring to several bridge collapse incidents in the Mainland in recent years, Mr CHENG also expressed concern about the quality and safety standards of the Mainland section of HZMB, and urged the Administration to ensure proper quality control of construction works. He also remarked that delays were not uncommon in public works projects, and the Administration should not put the blame on the judicial review proceedings in that project.

26. STH responded that the Administration would closely monitor the settlement and consolidation of marine mud and other aspects of the project to ensure works safety and quality. She assured members that the adjustment of works and construction method was premised on the safety of workers and quality of works. The compressed programme to accelerate the construction of the HKBCF superstructures was considered viable after careful consideration of various factors, including the schedule of the whole project, the works nature, the acceleration methods, and the feasibility of compression. STH further said that the Administration also participated in the implementation of the Mainland section of HZMB, including the preparation and vetting of tender documents, as well as the project management process to ensure the project met international

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standards. The Joint Works Committee of the Three Governments comprising representatives of the governments of Guangdong, HKSAR and Macao SAR would supervise important matters including the quality and safety of the works of the Main Bridge. The HZMB Authority, jointly set up by the three governments, had agreed, as suggested by the HKSAR Government, to hire an independent consultant to strengthen the work on quality control. As regards the HZMB-related local projects, there had been established quality control guidelines governing the quality of public works in Hong Kong.

Supply of construction workers and safety measures

27. Mr WONG Kwok-hing suggested that the Administration should conduct recruitment fairs for the HZMB project in remote areas such as Tung Chung and Tin Shui Wai given the high unemployment rate there and their close proximity to the works sites of HZMB. Proper training should also be provided to workers to enhance the skills and competitiveness of the construction work force. STH advised that the Labour Department would hold job bazaars in conjunction with relevant organizations and contractor associations in areas close to the project sites. The Administration was also working closely with training institutions and the Construction Industry Council (CIC) on measures to ensure adequate construction manpower supply and enhance the skill level and competitiveness of the existing workforce.

28. Mr WONG Sing-chi envisaged that the compressed works schedule would lead to a surge in demand for construction workers. Given the current shortage of construction manpower in Hong Kong, he asked how the Administration could ensure adequate supply of skilled construction workers to meet the demand arising from the major infrastructure projects, including the HZMB, to be implemented in the next 10 years. He also expressed concern about measures that the Administration would introduce to safeguard workers' safety. Sharing a similar view, Mr CHAN Kam-lam said that the Administration should strengthen construction manpower training and ensure occupational safety at construction sites.

29. DHy advised that the Administration was mindful of the need to maintain sufficient manpower supply, and enhance the skill level and competitiveness of the construction workforce in view of the increasing manpower demand in the construction sector. According to a survey conducted by the Development Bureau (DEVB) and CIC on the manpower demand and supply in different trades and on the skill levels in the construction sector, there should not be a major manpower shortage in most construction-related disciplines in the next few years. As there would be minor shortage of manpower in individual trades, DEVB had sought funding

allocation of \$100 million from FC in 2010 to support CIC to enhance training and trade testing for both prospective and in-service construction personnel, and to attract more young people to join the construction industry through promotion and public education. These initiatives included providing an average training allowance of about \$5,000 for trainees of selected trades with acute problems of ageing work force, labour shortage, or recruitment difficulties. Other initiatives included setting an initial wage of no less than \$10,000 a month which would be further increased to no less than \$15,000 a month after six months for trainees who had completed training, offering advanced training courses free of charge to in-service senior construction workers, providing an enhanced daily training allowance of \$150 and, a fee subsidy capped at \$500 for workers to attend trade tests and specified training courses. As regards trades facing acute manpower shortage, CIC had launched the "Contractor Co-operative Training Scheme" and "Enhanced Construction Manpower Training Scheme for Selected Trades" to train up more skilled workers to meet the shortfall. DHy assured members that relevant safety requirements were specified in the construction tender documents for compliance by contractors.

Environmental and ecological impacts

30. Mr CHAN Kam-lam spoke on behalf of Mr WONG Yung-kan who was concerned about the impact of the reclamation and related marine works of HZMB and HKBCF on the fishing industry. Mr CHAN requested the Administration to consult the fisheries sector and to agree on mutually acceptable measures to minimize the loss of fishing grounds and damage on fisheries.

31. Mr Albert CHAN said that while he agreed to the need for HZMB, he had reservation on the choice of the project site. He said that the environmental monitoring and enforcement work in previous infrastructural projects were generally lax, and the pollution mitigation measures were often ineffective. He was particularly concerned that the reclamation works might affect the mariculture operations in Ma Wan and that the operators were not offered reasonable compensation. He said that Ma Wan mariculturists had grave concern about the pollution caused by the HZMB reclamation works but the Administration had dismissed their claims because mariculture operations in Ma Wan were not covered in the EIA study of HZMB.

32. STH explained that the reclamation sites of HZMB and HKBCF were quite a distance away from Ma Wan, and the works there should not have significant environmental impact on the mariculture operations in Ma Wan. As regards the project "Providing sufficient water depth for Kwai Tsing Container Basin and its Approach Channel", STH said that the Secretary for

Food and Health was reviewing the ex-gratia payment arrangements with the affected fisheries and mariculturists, and recommendations were expected to be formulated by the end of 2012.

33. Regarding to the judicial review case on HZMB, Mr Alan LEONG said that paragraph 55 of the Court of Appeal's judgment had clarified the duty of any project proponent to effect appropriate pollution mitigation measures to reduce pollution to the minimal, regardless of the types of construction activities or the scale of pollution footprint. He asked what measures the Administration would implement to meet the court's ruling.

34. STH responded that the Court of Appeal also clarified that any recommended measures outlined in the EIA Technical Memorandum and the Study Brief should not be construed to mean that the project proponent would need to conduct an independent baseline assessment before the Director of Environmental Protection (DEP) could decide what pollution mitigation measures should be imposed. She said that during the public consultation and engagement process in the past, the Administration had finalized the site location and alignments taking into account public concern about environmental impacts. Suitable environmental protection measures were proposed to be implemented to fulfill the responsibility of the project proponent to minimize pollution as far as possible. She added that the Administration had revised the routing of the Hong Kong Link Road, adopted different construction methods and recommended mitigation measures in the HZMB project to minimize environmental impacts.

35. DHy supplemented that the present proposed HKBCF would be located at about two kilometres away from Tung Chung, and the HKLR approximately 700 metres away, so as to reduce air and noise pollution to local residents. The proposed HKBCF would be located at the waters off the north-east of the Airport Island to avoid the relatively ecologically sensitive areas in Western Hong Kong waters. The alignment of the HKLR has been changed from north Lantau to the southern part of the Airport Island through Scenic Hill. Some of the viaducts of the HKLR I had also been redesigned to become at-grade roads in order to minimize the potential visual impact. A non-dredge reclamation method was introduced to minimize impact on water quality. He highlighted that the EIA reports had concluded that the environmental impact due to the projects would be within acceptable limits with the implementation of the recommended mitigation measures.

36. Referring to the variations of EPs issued by DEP on 24 June 2010 and 16 November 2010 after DEP's issue of EPs on 4 November 2009, Mr Alan LEONG asked whether the EPs were revised because the Administration

needed to improve environmental protection measures, and whether the Administration's original construction schedule remained realistic with the frequent changes to EPs.

37. DHy said that while the Administration had already obtained valid EPs before early 2010, it was a normal practice for the Administration to make revisions to enhance the environmental protection measures adopted. In response to the Chairman, DHy confirmed that the non-dredge reclamation method was another enhancement measure introduced on the Administration's own initiative and was not adopted merely to address the court's ruling.

38. Noting that the non-dredge reclamation method was the first of its kind in Hong Kong, Mr WONG Sing-chi enquired whether the Administration had studied the viability of adopting such method in Hong Kong. He asked how the Administration would ensure the environmental performance of the reclamation method and monitor contractors' compliance with the required environmental standard.

39. DHy replied that although the non-dredge reclamation method was new in Hong Kong, its technical level was within local engineering capability. He explained that with such reclamation method, a series of interlocking large diameter steel cells would be sunk and penetrated through the marine mud and rest on the underlying firmer alluvium to form a perimeter seawall. Dredging and disposal of marine mud would almost be completely avoided. He said that the method had been used in Japan, Singapore and the United States, and had proven to be environmental friendly as it would significantly reduce dredging and disposal of marine mud. The reclamation method was also adopted for the construction of the western and eastern artificial islands of the HZMB Main Bridge. In response to the Chairman, DHy said that the Administration had conducted overseas visits on the non-dredge reclamation method in Osaka, Japan.

40. DHy further advised that the construction contract documents and EPs had imposed stringent conditions requiring the contractors to employ environmental teams to monitor water quality, air, noise, waste management, ecology, as well as landscape and visual impact on the environment. The HyD would engage environmental consultants to audit the environmental monitoring work carried out by the environmental teams and check the effectiveness of the mitigation measures. An office would also be set up to oversee the cumulative environmental impact arising from the HZMB Hong Kong projects and other concurrent projects in the adjoining area, including the HZMB Main Bridge project in the Mainland waters, to ensure compliance with the environmental laws in Hong Kong.

Design, operation and interfacing aspects of HZMB and HKBCF

41. Ms Miriam LAU said that Members belonging to the Liberal Party supported early completion of HZMB as it was an important infrastructural project that would promote passenger and cargo flow between Hong Kong, Macau and the Mainland. While she shared other members' concern about the supply of construction workers and the works progress, she said that due attention should be paid to the interface of the project with the public transport networks, and the design of cross boundary facilities (BCF). She urged the Administration not to repeat the mistakes made in providing the control point facilities in the Hong Kong-Shenzhen Western Corridor where the management and operation efficiency was not up to par. She said that although the Administration had briefed the transport sector in February and April 2011 about HZMB and HKBCF, no details on the public transport interface arrangements were given. She asked whether and when the Administration would consult the sector again on the operational details.

42. STH advised that as a transportation hub, HKBCF would connect HZMB to different parts of Hong Kong. The interface issue would be addressed in the detailed design of HKBCF. A people-based approach would be adopted in the construction of HKBCF where all arrival and departure facilities would be separately located at ground floor and first floor respectively. Drop off lay-bys would be provided in front of the Passenger Clearance Building (PCB) entrances, and passengers could walk to the clearance halls after getting off the vehicles and upon completing the clearance process to continue their journey all at the same level until pick up. As regards public transport services, STH said that the basic design objective of HKBCF was to enable different modes of public transports to use the facility, so as to promote competition and offer wider choice to commuters. She further said that the transport sector had been consulted in the early design stage, and the sector would be consulted again in the next stage of design. Although the Administration had not drawn up specific consultation timetable, detailed operational arrangements would be developed in consultation with the relevant stakeholders.

43. In response to Ms Miriam LAU's enquiry about the facilities and operational arrangements to speed up cargo clearance, STH said that the Customs and Excise Department had recently introduced electronic customs clearance procedures to improve cargo clearance efficiency. Adequate facilities such as vehicle kiosks, goods and vehicle examination buildings and facilities were carefully arranged to allow efficient clearance process for cross boundary vehicles including goods vehicles, private cars and coaches. DHy

said that the layout of HKBCF would allow diversion of private cars and cargo vehicles to increase the overall throughput of customs clearance process.

44. Mr Andrew CHENG noted that the HZMB Task Force had recommended in January 2007 that the three governments should set up separate BCFs within their respective territories. He said that Legislative Council Members had queried whether such arrangement was efficient given the busy cargo and passenger traffic across boundaries. As the Joint Working Committee of the Three Governments had been established in May 2010, and the HZMB Authority had been formed, he asked if the HKSAR Government's representatives on these bodies would continue to press for a single BCF which would reduce the scale of construction, thereby cutting cost and shorten construction time.

45. STH advised that there had been considerable discussions among the three governments on the setting up of BCFs. Having considered the different legal systems and prevalent statutory framework, it was concluded that separate BCFs were the most appropriate arrangement. The Administration would, however, be ready to review if such opportunity arose for discussion in future.

46. Prof Patrick LAU noted that design competition was organized in 2010 for the HKBCF. Although the first, second and third prizes were awarded to Hong Kong designers, the final designs had not adopted any of their submissions. Prof LAU criticized the Administration for not giving due respect to the contestants, and he considered the prize-winning designs superior to the present design championed by the Administration. He queried why the Administration should bother to organize design competition in the first place if it had no intention of adopting the winning design.

47. DHy said that it had been made clear to contestants that the Government was not obliged to adopt the winning design in totality. However, the Administration had taken on board the best concepts of different award-winning submissions. For example, the departure drop-off and pick-up areas would be elevated so that the passenger zones could be connected at the same level to the departure hall without having to use elevators or escalators. The roof would be extended to cover vehicle drop-off and pick-up areas and the facilities would incorporate indoor greening concepts from one submission.

48. Prof LAU said that the Administration should at least engage the designers concerned in the project design process. The Chairman queried whether it was proper for the Administration to cherry-pick parts of the design concepts from competition award-winners. DHy replied that none of the designs was by itself fit for adoption in totality. As regards engaging the

winning architect in the detailed design, he said that the practice would have procurement policy implications because it implied that winner of a design competition would be awarded the contract for detailed design.

49. As the Administration had ruled out railway facilities in the HZMB project, Mr WONG Sing-chi asked if park-and-ride facilities would be provided to facilitate drivers without a Mainland licence to use the Bridge to access Macau and Zhuhai.

50. STH responded that HZMB was designed to facilitate access to it by various types of public and private transport modes. The design of the public transport interchange at the HKBCF would enable passengers to make use of different kinds of public transport means and facilities for point-to-point long-distance coaches and cross-boundary buses. Area for use of private vehicles for parking and loading purposes would also be provided. In response to the Chairman, STH said that the Administration had studied the railway option but considered it not feasible due to varying gradients along the alignment of the Bridge and link roads. Building a new railway line connecting Zhuhai was not compatible with the current strategic railway development plan of Guangdong which focused mainly on the eastern part of the province. STH said that if a rail line was to be developed with HZMB, the scale of reclamation required would exceed 150 hectares to cater for train stations and other facilities.

Impact of the judicial review proceeding on the project

51. Ms Audrey EU referred to the Administration's explanation that the construction of HZMB and related works should have commenced in end 2010, but was delayed by one year due to the judicial review proceedings. She pointed out that the Court of First Instance had not issued an injunction against the project. In fact, according to the information provided, the Administration had not stopped taking forward works such as site investigation, detailed designs, and preparation of tender documents in spite of the judicial review proceeding. The court proceeding therefore did not seem to have affected the tendering of the project.

52. Ms EU further referred to certain press reports in which the Administration warned of a one-year delay in the HZMB construction works, and those with comments from a senior engineer from the Highways Department that about 40% of public works projects would face delay, and that HZMB was expected to be delayed by one year because of the need to revise tender documents and to comply with conditions of the EPs issued in November 2009 regarding the Marine Park at Brothers Island. Ms EU asked whether the

press reports were accurate, as these reports showed that the judicial review was not the sole cause of the delay to the HZMB construction works.

53. STH responded that the judicial review commenced in January 2010. The Court of First Instance handed down its judgment in April 2011 quashing the EPs relating to the HKBCF and HKLR and therefore their construction could not commence until the Court of Appeal handed down its judgment in September 2011 allowing DEP's appeal and maintained the validity of the EPs. In the meantime, the Administration had to introduce measures to speed up construction to make up for the delay.

54. DHy added that the reclamation works for HZMB was originally scheduled to commence in end 2010. To meet this target, design work should be completed by early 2010. As the judicial review proceeding was initiated in January 2010, many of the key tasks of the project were held in abeyance pending the decision of the court.

55. Deputy Secretary for Transport and Housing (Transport)1 (DS(T)1) explained that in May 2009, the Administration had informed FC that construction of HZMB and HKBCF would commence in end 2010 assuming that DEP approved the EIA study report, that the Chief Executive-in-Council (CE-in-C) authorized the reclamation works and road schemes, and that FC approved the funding application. Following the judicial review that commenced in January 2010, the Administration had to put off the plans to seek authorization from CE-in-C and funding from FC. Although design and site investigation continued and such preparation was not affected by the ruling, the authorization and funding application processes were held in abeyance which made commencement of works impossible. It was therefore fair to say that the delay in the construction works was due to the judicial review.

56. Mr WONG Yuk-man said that the Legislative Council had a constitutional duty to monitor the Government's work and use of power, and he would vote against the funding proposal in exercise of his duty to put a check on the Administration's increasingly rampant power. He opined that the Court of First Instance's ruling revealed that the Administration had not complied with the requirements of the Technical Memorandum and the EIA Study Brief, in contravention of the EIA Ordinance (Cap. 499). Even though the ruling of the Court of First Instance was quashed on appeal, the Court of Appeal's judgment showed that the Administration treated the EIA process as a mere formality without giving due respect to the principle of sustainability it was purported to enshrine.

Action

57. Mr Jeffrey LAM said that the public looked forward to the early completion of the HZMB project which was an important piece of infrastructure promoting closer economic and social integration and co-operation with Macau and the Pearl River Delta region. Although the judicial review was over, he asked if the Administration had assessed whether other HZMB-related local projects might be subject to legal challenge. He also asked whether there was scope for downward adjustment of the project cost estimate, as the global economy might face a downturn in the short term.

58. STH responded that the government was not in a position to forecast whether there would be further judicial review on EIA of the HZMB-related local projects in Hong Kong. However, the Court of Appeal had confirmed the validity of the EPs issued by DEP for the HZMB-related local projects. She assured members that the Administration had proposed a number of environmental protection measures to minimize environment impact as far as possible, and would ensure full compliance with the conditions of EPs and the requirements of relevant environmental protection legislation in implementing the HZMB-related local projects. Regarding the overall cost increase of about \$6.5 billion for the projects, STH and DHy said that the estimate was on the conservative but realistic side. The Administration had taken into consideration the increase in project cost due to inflation and the adjustment in construction methods to compress the construction timetable to make up the works delay. However, the possible impact on the cost of the HKLR and remaining works of the Tuen Mun-Chek Lap Kok Link were not included in the cost increase.

59. Mr LEUNG Kwok-hung dismissed the suggestion that the judicial review was the cause of the delay in the construction works and the increase in cost. He queried the justifications for the HZMB project and the socio-economic benefits the Administration claimed the project would bring. Mr LEUNG said that the ruling of the Court of First Instance revealed that communications within the Administration was insufficient. He questioned whether the Transport and Housing Bureau had discussed with the Environmental Bureau the possible consequences in terms of cost implications in case DEP lost her appeal case, and whether the Administration had endeavoured to take any measures to minimize the cost increase. He said that the political appointed officials should be accountable for the negligence in duty.

Economic benefits and cost sharing

60. Mr LEUNG Kwok-hung further criticized that the Administration had not strived for the best interest of Hong Kong in the cost-sharing

negotiation with Macau and the Mainland governments. He said that had it not been for the strong objection from the community and from Members over the Hong Kong's contribution to the HZMB project, the Mainland government would not have agreed to increase its share of the cost. Mr LEUNG also criticized the Administration for accepting compensation terms for orchards in the Mainland affected by the project where such plants did not even exist there.

61. Mr Albert CHAN said that, notwithstanding his support for the need to construct HZMB from an infrastructure development point of view, he could not accept the financing arrangement for the project which was unfair to Hong Kong. He considered it unreasonable that Hong Kong had to contribute 57.8% of the construction cost of the HZMB Main Bridge whereas Mainland only needed to contribute 32.6%, and Macao 9.6%. He said that as the project would mainly benefit Zhuhai and Macau, it was unfair that Hong Kong should contribute the biggest share. He also disagreed with the proposed financing options which he considered might incur extra financial commitment and create opportunities for abuse. On this ground, he and the other Members belonging to the People's Power would vote against the funding proposal.

62. STH clarified that the figures Mr CHAN quoted represented the estimated discounted economic benefits ratio among Hong Kong, Mainland and Macau. Taking into account the fact that each place had already agreed to fund the costs of connecting roads individually, sharing of the costs of the HZMB Main Bridge (excluding the capital injection from the Central Government) was adjusted to a ratio of 50.2 (Hong Kong) : 35.1 (Mainland) : 14.7 (Macao). She explained that the adjustment of payment also took into account the higher cost of the link road and boundary crossing facilities within Hong Kong.

63. The Chairman said that the meeting would end around 5:00 pm, and discussion of the item would continue in the second meeting commencing at 5:05 pm.

64. The meeting was adjourned at 4:58 pm.